

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-06 AID-05  
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01  
L-03 H-01 AGRE-00 CIAE-00 COME-00 INR-07 LAB-04  
NSAE-00 FRB-03 /092 W

-----021205Z 035396 /53

P 021028Z JUN 77

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC PRIORITY 3594

INFO USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE BUCHAREST 4055

E.O. 11652: N/A

TAGS: ETRD, RO

SUBJECT: US/ROMANIAN TEXTILE AGREEMENT

REF: STATE 087339

1. SUMMARY. DEPUTY PRIME MINISTER RAISED ISSUES OF DRAFT AGREEMENT'S SWING PROVISIONS AND EMBARGOED SUITS IN MEETING WITH AMBASSADOR EVENING OF MAY 31. AMBASSADOR AND E/C COUNSELOR RESPONDED THAT USG UNABLE TO DO MORE ON SPECIFIC LIMITS ON SUITS AND THAT WE SAW NO IMMEDIATE SOLUTION TO PROBLEM OF ROMANIAN OVERSHIPMENTS. IN LIGHT OF PATAN'S APPEAL, WE ASK DEPARTMENT TO AUTHORIZE OUR RESUBMITTING OUR MID-APRIL PROPOSAL ON IMPOUNDED SUITS. END SUMMARY.

2. AT CONCLUSION OF AMBASSADOR'S MAY 31 CALL, DEPUTY PRIME MINISTER PATAN RAISED TOPIC OF TEXTILES. PATAN INDICATED HE WAS DISTURBED BY TWO POINTS ... FIRST OF THESE WAS U.S. REFUSAL TO PERMIT FLEXIBILITY ADJUSTMENTS FOR CATEGORIES 120, 221 AND 237. SECONDLY, HE FOUND INEXPLICABLE OUR CONTINUED EMBARGO OF ROMANIAN SUITS.

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3. ON DRAFT AGREEMENT PATAN STATED THERE WAS ONLY ONE CRUCIAL ISSUE -- THAT OF FLEXIBILITY -- SINCE OTHER TECHNICAL POINTS COULD BE RESOLVED. PATAN ARGUED THAT ROMANIA WAS UNWILLING TO COMPROMISE ITS MFA RIGHTS, PARTLY BECAUSE THIS WOULD OPEN ROMANIA TO CHALLENGE BY EUROPEAN IMPORTERS. MOREOVER, U.S. POSITION IS CONTRARY TO ROMANIAN NEGOTIATORS' UNDERSTANDING OF WHAT HAD BEEN AGREED.

E/C COUNSELOR RESPONDED THAT U.S. OFFER ALREADY INCLUDED SWING AND THAT WE WERE UNDER IMPRESSION THAT ROMANIANS HAD AGREED TO THIS FORMULATION. IN ANY EVENT, EMBASSY INFORMED THAT SPECIFIC LIMITS ON THESE CATEGORIES WERE MAXIMUM WE COULD ACCEPT. CHIOVEANU ACKNOWLEDGED THAT INCLUSION OF SWING IN SPECIFIC LIMITS WAS ONE OF PROPOSALS DISCUSSED AT GENEVA, HE ALLEGED, HOWEVER, THAT ROMANIANS HAD MADE CLEAR THAT THEY WANTED SWING PROVISION RETAINED. PATAN INDICATED THAT IN LIGHT OF OBVIOUS DISAGREEMENT ABOUT WHAT TWO SIDES AGREED TO IN GENEVA IT WOULD BE NECESSARY FOR TEAMS AT FORTHCOMING SESSION TO REVIEW THEIR EARLIER DISCUSSIONS. FOR HIS PART, IF SUCH REVIEW SUBSTANTIATED U.S. INTERPRETATION OF WHAT HAD TRANSPIRED, PATAN WAS PREPARED TO SUPPORT IT. OTHERWISE, HE MIGHT BE COMPELLED TO SUBMIT TO HIGHER LEVEL (READ CEAUSESCU).

4. WITH AGREEMENT IN REACH, PATAN PROFESSED HE COULD NOT COMPREHEND WHY WE CONTINUED TO BLOCK ENTRY OF SUITS HELD BY U.S. CUSTOMS. SUITS COULD, HE SUGGESTED, SIMPLY BE CHARGED AGAINST ROMANIAN QUOTA UNDER NEW AGREEMENT. AS IT WAS, ROMANIA'S REPUTATION WITH U.S. SUPPLIERS WAS BEING SEVERELY DAMAGED BY WHAT WAS BEING LABELLED AS EMBARGO. AMBASSADOR RECALLED HE HAD EARLIER SUGGESTED THAT TWO SIDES CONSIDER INITIALING AGREEMENT AND REFERENDUM TO LIFT ROAD-BLOCK, BUT THAT GOR HAD NOT PURSUED THIS IDEA. WITH REFERENCE TO PATAN'S EARLIER STATEMENT ABOUT AGREEMENT BEING IMMINENT, E/C COUNSELOR ADDED THAT ROMANIANS SEEMED TO HAVE MAJOR PROBLEM WITH DRAFT. AMBASSADOR CONCLUDED BY NOTING THAT COMPLEXITY OF TEXTILE PROBLEM AND FACT THAT NEGOTIATIONS LIMITED OFFICIAL USE

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HAVE TAKEN PLACE LARGELY IN WASHINGTON AND GENEVA MADE IT DIFFICULT FOR HIM TO SUGGEST SOLUTION. WITHOUT OFFERING ANY ENCOURAGEMENT, AMBASSADOR PROMISED TO RELAY REQUEST.

5. E/C COUNSELOR SPOKE WITH CHIOVEANU JUNE 1 TO CLARIFY ROMANIAN CONTENTION REGARDING SWING AND GROWTH PROVISIONS. CHIOVEANU CLAIMED THAT WHILE NUMBER OF FORMULAS DISCUSSED AT GENEVA, GOR TEAM MADE CLEAR THAT IT WANTED SOLUTION WHICH WOULD, WITH FLEXIBILITY PROVISIONS, ENSURE THAT THERE WOULD NOT BE REDUCTION FROM PRO-RATED INTERIM AGREEMENT LEVEL OF 330,000. CHALLENGING DEPARTMENT'S STATEMENT THAT TWO DELEGATIONS HAD ARRIVED AT PARA 3(E) LEVEL BY APPLICATION OF SWING TO BASE LEVELS (PARA 3, STATE 115558), CHIOVEANU ARGUED THAT THIS IMPLIED BASE LEVEL OF 288,000 WHICH HE SAID HAD NEVER BEEN DISCUSSED AND HAD NO RELATIONSHIP TO TRADE LEVELS. (CHIOVEANU MADE NO REFERENCE TO U.S. PROPOSAL OF 290,000 FOR FIRST YEAR--PARA 2, STATE 107565).

6. ACTION REQUESTED. WE RECOGNIZE THAT CURRENT ROMANIAN

POSTURE RAISES QUESTION AS TO WHETHER FORTHCOMING GENEVA  
NEGOTIATIONS WILL YIELD AGREEMENT. GIVEN, HOWEVER, RESUR-  
GENCE OF ROMANIAN INTEREST IN RESOLVING PROBLEM OF IMPOUNDED  
SUITS EVIDENCED BY PATAN'S APPEAL, WE ASK DEPARTMENT'S  
AUTHORIZATION TO RESUBMIT TO MFT DRAFT NOTE GIVEN ROMANIAN  
EMBASSY IN MID-APRIL (PARAS 1-3, STATE 087339). WE ALSO  
REQUEST STANDBY AUTHORITY TO RAISE FIGURE TO 18,250 IF  
REQUESTED BY ROMANIANS. GESTURE OF THIS KIND PRESUMABLY  
WON'T COST US ANYTHING AND SHOULD IMPROVE ATMOSPHERE, IF  
ACCEPTED.  
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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009